procedures and rules and they are quasi-judicial in nature. The disciplinary rules under which such action is taken by the managements of banks do not envisage any role or action by the Central Government.

Selling spree by FIIs

3775. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to State:

(a) whether it is a fact that FIIs in the country are on the selling spree and that these institutional investors are likely to leave the country in the near future;

(b) if so, the reasons therefor stating the estimated annual FIIs outflow as against the investments;

(c) what are the implications in relation to the Indian economy involved and overall impact on the clients investment with the FIIs; and

(d) the reaction of Government with regard thereto?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) The Gross Purchases, sales and net investments by Foreign Institutional Investors (FIIs) (including FII 100% Debt Funds) during the last three years as under:

Rs. crores

	Gross Purchases	Gross Sales	Net Investments
1996	15,739.2	4,935.6	10,803.6
1997	18,926.5	12,719.2	6,207.3
1998 (upto 14.7.98)	7,475.4	8,163.1	(−)687.7

The cumulative net investments by FIIs as on 14.7.98 stood at Rs. 29563.2 crores. The outflow of FII investments in some of the recent months are attributable to multifarious reasons like South East Asian Currency crisis, investors perception of performance of the domestic Capital market, rupee depreciation, impact of sanctions particulary in Debt funds investments which includes possible investments in dated Government securities. Considering the extent of investment of FII in the Indian Capital markets with reference to their cumulative net investments, the current trend of investments could be perceived as normal adjustments. The Indian Capital market is resilient and deep enough to withstand the impact of these corrections.

(d) Recent measures taken to facilitate more inflow of FII investments include, interalia, permission to invest in unlisted debt securities by 100% debt funds FIIs, to tender securities directly instead of through stock brokers in response to open offers for takeovers, permission to trade in derivative contracts traded in stock exchanges, permission to hedge foreign exchange risk through forward cover on incremental equity investments.

Decline in interest of foreign investors

3776. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that foreign investors interest in the country has shown a decline following the imposition of economic sanctions by USA, sliding value of rupee and India's lowered credit rating by Moody;

(b) if so, the details thereof stating its likely impact on the Indian economy already under presure; and

(c) the manner in which Government proposes to meet the situation?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) Foreign investment flows depend on a number of factors including investment opportunities, favourable investment climate and policy environment, size & potential growth of the domestic market etc. and no single factor can be identified for influencing foreign investor's interest. The overall impact of the recent developments on the foreign investment